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GERMANY'S YEAR OF DECISION

By William Henry Chamberlin

ACCEPTANCE by the Bundestag, or lower house of the German Parliament, of the Schuman Plan for consolidation of the West European coal, iron and steel industries under a supranational authority, is the first sign that 1952 will be, for Germany, a year of decision. It will most probably be the year of decision not only for closer economic association with the countries of Western Europe, but also for a new political status for the German Republic and for German participation in the European defense effort. Broadly speaking there were three possibilities for Germany, once the decision was taken to scrap the more punitive destructionist measures of repression and control.

Repeal of these measures was followed by an amazing economic comeback during the last three years. A conundrum joke became popular in Germany in the first years of the occupation, when the spirit of the Morgenthau Plan was strong and any real recovery was stymied by the innumerable Allied "Dont's", which sometimes contradicted each other. "How many years", so ran the conundrum, "will it take Germany to recover?" "One hundred and two", was the answer; "one hundred years of foreign occupation and two years of being let alone."

Technically, Germany is still under foreign occupation. But in such matters as internal administration and the running of industry and foreign trade there has been increasing freedom since the restoration of a stable currency in the summer of 1948. And the results have been amazing.

The index of industrial production (taking 1936 at 100 per cent) is now about 140 per cent; in 1948 it was 55 per cent. Exports, which were running at about one billion dollars a year in 1949, are now at a level of about 3.5 billion dollars. Under the liberal policy of the German Minister of Economics, Ludwig Erhard, Germany has achieved higher and higher levels of foreign trade and a satisfactory balance between exports and imports, without rationing and with a minimum of direct controls. Whole new industries, such as the manufacture of telephones, electrical and textile equipment, have been built up from scratch in West Germany. (Formerly, these industries were mainly located in the Soviet Zone.)

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The ruins left by indiscriminate air bombings are still to be seen in all the larger German towns. But one now begins to notice not only what has been destroyed, but what has been newly built. Wuerttemberg-Baden, one of the federal states into which West Germany is divided, built almost as many houses as did the whole of France during 1950.

A combination of traditional German hard work and liberal economics has enabled Germany to win back one foreign market after another. Five years ago West Germany looked like a hopelessly battered derelict, destined to subsist on a sub-WPA standard with the aid of American handouts. Now it has in many ways resumed its old place as the strongest industrial and commercial power in Europe. More than one visitor to the two countries has remarked that, on the evidence of what is available in shop windows, it would seem that Germany rather than Britain was the victor in the war.

THIS striking comeback makes increasingly untenable the first of the three possible choices open to Germany in the future. This would be the maintenance of the present situation, with West Germany a completely disarmed country, protected by western occupation forces.

A second possibility would be a Germany united, neutralized and disarmed. This is a primary objective of Soviet diplomacy. The leaders of the Soviet satellite regime in East Germany have made one overture after another to the Bonn regime, calling for a conference that would pave the way to German reunion.

German Communist propaganda in West Germany, as I found during a trip to Germany last May and June, is keyed almost exclusively to this theme of unity, blended with anti-Westernism in general and anti-Americanism in particular. Communism, as a series of elections proves, is at a very low ebb in Western Germany. The memory of the fearful wave of atrocities that swept over the eastern provinces of Germany with the invading Red Army is still vivid. The systematic pillaging and exploitation of the Soviet Zone, which have left living conditions there incomparably bleaker and more dismal than in West Germany, the condition of the war prisoners who returned from Russia, the mysterious vanishing of hundreds of thousands of Germans known to have been captured — all these things have thoroughly inoculated the West Germans against Communism.

However, unity and neutralism make their appeal outside the Communist ranks. Foreign occupation troops are never very popular. There is an emotional "plague on both their houses" element in the attitude of some Germans toward the East-West conflict. There is a wistful desire in some Evangelical church circles to keep open the door

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for reunion because the religious affiiliation of the people in the Soviet Zone is almost exclusively Protestant. There is a slight Catholic predominance in West Germany with its present population.

But all these considerations seem to melt away in the face of two hard facts. A reunion of Germany under present conditions, without the most sweeping guarantees of free elections, would pave the way for a Communist seizure of power, on the model of Czechoslovakia. And there could be no free elections unless the whole administrative structure built up by the Soviet Union in East Germany, the secret police, the regimented mass organizations, etc., were eliminated. To put in mildly, this is not likely to happen voluntarily.

Second, with all the emotional yearning for unity on both sides of the unnatural zonal frontier, these two segments of Germany are growing farther apart every year. Life in one is based on a multi-party system, private property, free enterprise. In the Soviet Zone there is the one-party dictatorship, nationalization of most of the economy, intensive collectivist propaganda. To blend these systems is impossible.

THERE remains the third choice, favored by Chancellor Adenauer and by the more realistic Germans and the more farsighted representatives of the western powers. This is association of Germany, on terms of genuine and complete equality, with the North Atlantic Treaty powers.

There is an inescapable interdependence of Germany and the West which is no less real because narrow-minded and shortsighted Americans, Britons and Frenchmen harp on the completely vanished conditions of the late war, and because narrow-minded and shortsighted Germans think they can exact an unlimited price for their cooperation.

Consider first the dependence of the western powers on Germany. Without a strong German army any land defense of Europe is a forlorn hope. For political, psychological and financial reasons the United States, Great Britain and France will never be able to put enough troops into Germany to represent a bulwark against a major Soviet offensive. A German army, with perhaps one division to match every foreign division, would alter the present gloomy picture (in which American troops and armor in Europe might be caught in a gigantic trap) fundamentally.

Consider now the German dependence on the West. However much they may desire to do so, the Germans cannot bow themselves out of a Third World War. If they give full military cooperation they can hope to deter a Soviet attack, to repulse this attack if it comes. In time a strong West Germany associated with an Atlantic coalition might exert an irresistible power of magnetic attraction on the Soviet Zone. Given favorable

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political conditions Germany may hope to regain the ethnically German regions in the East.

On the other hand, if the Germans fold their hands, with an *ohne uns* ("without us") psychology they can scarcely be surprised if the western powers treat their country merely as a convenient field of deployment and abandon it, destroying in their retreat all important bridges and industrial installations.

So, however much sentimental anti-Germanism may still exist in western countries, or however many grievances, justified and unjustified, the Germans may feel against the West, common sense and mutual interest should lead to an understanding, and as soon as possible. Considering the importance of the political and strategic stakes, it is appalling that not one regiment has yet been raised in West Germany.

Part of the responsibility for this failure rests with French obstructionism. The former French Minister of Defense, Jules Moch, a Socialist although a vigorous anti-Communist, was a formidable roadblock. As a Jew and a man who had lost his son in the French Resistance, Moch understandably represented the most uncompromising French attitude toward Germany. Moch is now out of office and the French attitude toward a German military contribution has softened.

Part of the responsibility rests with the psychological mood in Germany, itself in some degree a product of such unwise occupation steps as the "war crimes trials". When the Social Democratic leader Schumacher declares opposition to any German rearmament until and unless there are enough American and British troops to assure the possibility of offensive warfare, he is just as unrealistic as the American who says we should only help Western Europe if Western Europe is fully able to defend itself, that is, if it doesn't need our help.

Obviously there must be some sharing of risk and sacrifice all around. The terms of reasonable Western-German understanding can easily be sketched. The German Government should declare itself unequivocally on the side of the West, should undertake to raise a specific contingent of troops for an Atlantic Pact army and to give full cooperation in other matters, such as cutting off strategic exports to the Soviet Union. In return the western powers should make a clean sweep of one-sided restrictions on German sovereignty.

The High Commissioners should become ambassadors, and foreign staffs in Germany should be reduced in size and restricted to normal diplomatic functions. There should be an end of meddling with such internal matters as German industrial organization. The year 1952 will very probably determine whether both sides can muster the degree of farsighted reasonableness that will make the transformation of Germany from ex-enemy into active ally an accomplished fact. There is no greater stake in the American diplomatic game today.

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HUMAN EVENTS

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Taft's Rubicon: The past few stirring days have witnessed Herbert Hoover hammering out a foreign program for Republicans and Senator Taft staging a belligerent invasion of what has been regarded as enemy (i.e., Eisenhower) territory. Indeed, history may record that, when the Senator crossed the Hudson, he set a course of decisive importance for his bid for power and of the greatest influence on the events of this campaign year.

In the inner circles of the Taft general staff, it is known that the Senator brushed aside advice to avoid discussion of foreign policy in the great internationalist center of New York and to concentrate on the subject of corruption in government. Instead, he courageously grasped the nettle where it grows and thereby won an extraordinary ovation from the packed hall. It is agreed that his all-out attack on the Administration's foreign policy drew the heaviest applause.

This venture in New York and its swift success makes it certain—say observers who have so far withheld predictions on this subject—that the candidate from Ohio will follow a real, militant, "anti-me-too" strategy during the rest of his campaign. Such a strategy offers the best chance—indeed the only chance—for victory in the GOP convention and later in the general election.

It is true that Taft refrained from going after the real heart of the enemy's bastion in New York. He did not attack those internationalist financial elements who are fighting him. But that, say friends, will come later. One thing at a time.

Last week, we reported how Eisenhower partisans among international financial interests were trying to put pressure on their debtors to back the General. This week, we can report that Taft followers are seriously discussing ways and means of defeating this type of political blackmail.

A plan—we can now reveal—is being blueprinted which would provide help for businessmen harrassed by internationalist bankers. A committee of independent businessmen, preferably in Chicago, would investigate such cases of political pressure and would find independent bankers willing to take over the loans of those subjected to this kind of treatment.

It is pointed out that not all banking resources of the country are located in New York, that in Ohio, Illinois and California there may be found farseeing and independent financiers amply able to succor those desirous of running their own enterprises without political interference.

Hoover's Speech: In the past forty-eight hours, a wave of enthusiasm has spread through Capitol Hill. One member of Congress after another has hailed Mr. Hoover's statesmanlike address, delivered last Sunday over a nationwide radio and television system, as the real statement of American foreign and military principles. Republicans say it should shape the GOP convention planks on these subjects; American Democrats took from the address inspiration to make a gallant fight for the same ideas in the Democratic convention.

It is noted that the attempt of a *New York Times* headline writer to discredit this speech failed. The *Times* head gave the inference that Hoover wanted to pull all American troops out of Europe immediately. Actually, Hoover specified in his talk that he favored only a gradual withdrawal which respected military considerations. Indeed, this headline drew such criticism that the *Times*, in effect, backed down the next day in an editorial.

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One important point in Hoover's program received far more notice and discussion than the press reported. This was his demand that we revise our relations with the UN. "It [the UN] must not be allowed to dominate the internal sovereignty of our Government", Hoover said. His words give added force to Senators who are fighting for drastic amendment of the Japanese Peace Treaty, now before the Senate for ratification. (On December 26 last, we revealed how Acheson and Dulles have been trying to sneak through, under a certain clause in the Treaty, general Senate approval of UN domination of the U.S.)

Not only members of Congress, but also editors of newspapers and periodicals report strong sentiment in their mail against the UN. Many who write in want complete U.S. withdrawal while others want drastic revision. In all cases, these correspondents express fear that membership in that body might impair our own laws and Constitution. Many lawyers mention the brave fight along these lines which has been carried on by the former American Bar Association President, Frank Holman. Congressman Wood, of Idaho, who has introduced a resolution for withdrawal from UN, has been enthusiastically received by large audiences.

Television in Washington: An interesting story, involving Mr. Herbert Hoover and television, is going the rounds in the Capital during the past twenty-four hours. It was announced last week in the newspapers that Mr. Hoover's speech would be broadcast from New York and picked up in Washington on WTOP-TV at 1:30 Sunday afternoon, January 27. This is the CBS outlet in the nation's Capital. WTOP is owned by the *Washington Post*, a strong supporter of the Administration foreign policy and a strong critic of Mr. Hoover's views on this subject.

On the eve of the broadcast, it became known that this hour would be devoted not to Mr. Hoover's talk, but to a local entertainment program. Now, whatever the motive behind this decision, whether it was politics in shutting off a viewpoint differing from that of the *Post* or the station director's feeling that listeners would prefer a hillbilly songster to Herbert Hoover, the plain fact was that an important address by our only living ex-President was set aside in favor of a crooner.

At this point, the Washington *Times-Herald*, opposition to the *Post*, entered the picture. Editor Frank Waldrop let it be known to the *Post* station that he was sending over a reporter to get the facts on what that editor thought was a significant story. Almost immediately, the television station managers began to "reconsider" (as Mr. Hoover would say). In less than a quarter of an hour, they announced that the song show had been withdrawn for that time and WTOP would run in its place the Hoover speech on TV from New York as originally scheduled. And so it was done. (The day after the speech, the *Times-Herald* joyously recorded the above particulars.) But whatever the motive—as we said—it was quite a story.

Kefauver: The latest Presidential boom is completely synthetic. The symbol, "Daniel Boone from Tennessee", has actually convulsed even those scribes who were told off to spread propaganda for Kefauver. The junior Senator from Tennessee has—as anyone who knows him could attest—nothing on the ball. He is simply the political creation of those Fair Dealers, and their stooges in the press, who want someone, almost anyone they can find, to try to stop Truman's nomination.

The phenomenon isn't new hereabouts. The perennial boom for Justice Douglas is another example. However, the Justice does have some mental equipment. One of the comical spectacles at Washington dinner parties is the effort of Kefauver to live up to the role of the "fighting liberal" in which certain columnists have cast him. He has obviously memorized bits of Fair Deal terminology and slogans which he just as obviously fails to comprehend. The other role, that of a courageous and fighting muckraker, fits him just as awkwardly. It wasn't diffidence which made him so reluctant to take the chairmanship of the Crime Committee last spring nor shyness which led him out of the position. It may be, the malicious suggest, he shrank from holding hearings on the situation in the sinful levee towns in Western Tennessee.

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However, recalling the rise of the likes of Harry Truman, the Tennessean may now go far, or at least farther than his backers privately expect. A Southern politico remarked to us that Northerners may mistakenly assume that Kefauver would get the support of the South. That really bemuses a Southerner.

An episode of several years ago is recalled. A caucus of Southern Senators was held to plan a fight against a proposed cloture rule. All Southern members of the Upper House were invited save three: Kefauver, "Red" Pepper of Florida and "liberal" Graham of North Carolina. After the meeting, the list of those attending was given out to the press. None here assumed that the three were invited, or ever could have got invitations. Yet, the "courageous" Kefauver hastened to tell Tennessee newspaper correspondents that he did not attend the caucus because he was out of town.

The Hoosier Spirit: The citizens of Indiana, who won a battle last fall with the Federal Government on the issue of publishing relief rolls, again have shown their indomitable spirit—in the case of one Frank Hamilton, an instructor in the Indianapolis schools. Mr. Hamilton had been making public speeches uncomplimentary to British Socialism after spending a year in Britain as an exchange teacher under the Fulbright Act. Hamilton and his wife had prepared an exhibit of rationed British foodstuffs to show how the American way of life is better. Hamilton said Socialism "is doctored-up Communism any way you look at it".

For this utterance, retribution came. The British consul in Chicago read about Hamilton's doings and got a letter of complaint to Commissar Oscar Ewing's Federal Security Agency, which administers the foreign student exchange program. A sub-Commissar, J. Horace Goldthorpe, wrote the Indiana teacher demanding an explanation and warned that the Indiana school system might be excluded from international teacher exchange. (Mr. Goldthorpe proudly sent a copy of his letter to the British consul.)

Mr. Hamilton not only did not back down, he went right out and launched another attack on British Socialism, revealing the particulars of the above episide. The *Indianapolis Star* played the story for all it was worth (and in our opinion it was worth a great deal) on the front page. The *Star* also ran a front page editorial which drew the real moral of the affair:

> "Those school teachers, school administrators and citizens who have been advocating Federal Aid to Education can see right here in this one simple instance what is in store for them if they ever let the Federal Government and people like Oscar Ewing get their hands on the public school system of the United States."

California: Our San Francisco correspondent tells us that Governor Earl Warren can no longer be considered as a serious contender for the GOP presidential nomination. This was the most definite conclusion drawn from the proceedings of the wordy, rancorous Republican meeting in the Golden Gate of two weeks ago.

Before the GOP politicos travelled west, it seemed possible that the "Me-Too" Republicans were going to keep Warren in the picture as replacement in case Eisenhower failed them. But that idea disappeared after the National Committee meeting on the Coast. For the first time, GOP party leaders from the Middle West and East had a chance to obtain a correct view of the GOP situation in California.

They discovered that the Republican Governor of California had won in the 1950 elections in a state which is largely Democratic, not because his "Me-Tooism" was irresistible, but because even the most faithful Democratic voters could not stomach Jimmy Roosevelt and his left-wing friends.

Red China: The Kremlin has plans for the complete militarization of China, to make it "Greater China" and the dominant military power of Asia according to Karl Von Weigand, correspondent for Hearst Newspapers.

Twenty million trained fighting men on land and in the air is said to be the target set for China's 500 million inhabitants. This news offers a climax to the record of Administration foreign policy in China—

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a policy which was aimed at ousting our friend, the Nationalist Government, and installing a Communist Government, on the ground that the latter would promote peace and "agrarian" democracy.

Mr. Von Weigand, perhaps the best informed of all foreign correspondents, writes from Europe and reveals that the above news comes from the remnants of the old German foreign military intelligence. Intelligence about Russia and China is still being gathered by the mysterious German General Gaelen, formerly chief of that section of the German General Staff known as "foreign armies—east." From German prisoners of war in Russia and other sources comes information which the specialists of the old general staff analyze and evaluate.

This apparatus, Mr. Von Weigand says, "has been reorganized and built up in the past two years and is now more or less integrated into American military intelligence, which largely finances it".

Such is the intelligence service which now informs us that in the plan for a "Greater China", the Soviet Empire is building a large-scale aircraft industry in Russian-held Manchuria. Many of the plants and industries taken away by the Russians in 1945-6 are now being brought back and rebuilt. "Manchuria", says Von Weigand, "which at Yalta was conceded to Stalin by Roosevelt and Churchill as part compensation for Russia's one-week war against Japan, is now the arsenal for the weapons used by the Communists against American soldiers in Korea."

"Pegged" Inflation: Before presenting his annual budget to Congress, President Truman discussed its principal features with a group of newsmen. The subject of bonds came up, and Economist Truman allowed that he was against last year's accord reached by the Treasury and the Federal Reserve Board. As a result of that accord the Board had softened its policy of supporting long-term government bonds at face values. Investor Truman, back in the days following World War I, had lost twenty points on Liberty Bonds, thanks to market "operations", and that experience of his early life had left an indelible impression on his mind; he was for protecting investors against such losses on government securities.

But, the "pegging" of government bonds is an inflationary factor. (Mr. Truman is against inflation—witness his advocacy of wage-and-price controls.) Notwithstanding the theories of some monetary experts, sooner or later bonds become monetized, one way or another, and the amount of currency in circulation is increased. It is a certainty, therefore, that by the time of maturity the purchasing power of the dollar will be less than it was at the time the bond was purchased. If the bond were allowed to find its value in a free market, the purchaser would take his loss in dollars. The "pegging" simply means that he takes his loss in purchasing power. It's a case of heads-I-win-tails-you-lose, and no way of avoiding it.

Book Front: We learn that *Witness*, the confessions of Whittaker Chambers, will be a true "giant", running to about 800 pages. The *Saturday Evening Post* will soon run parts of the tome, but only parts, in serial form. How much of this book will be devoted to the famous Hiss-Chambers story we have not yet been able to ascertain. But the book is scheduled for May publication (also, at the same time offered by the Book-of-the-Month Club). Those who have read the mss. refer to it as the "modern St. Augustine".

One sign of the times is this: that while the work of an outstanding anti-Communist is being published by a top-rank firm (Random House) and by the Book-of-the-Month-Club, so well known a leftist writer as Howard Fast, formerly much sought after by the publishing world, is now being published by—himself. At least, we are looking at this moment at an advertisement of his new novel *Spartacus*, in which customers are told to send orders to Howard Fast at a P.O. box number in New York.

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